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Wednesday December 18, 2019

Strategic Priorities and Planning Committee
City of London
300 Dufferin Avenue,
London, Ontario N6A 4L9

RE: REQUEST FOR RECONSIDERATION OF THE DECEMBER 17, 2019 REVIEW OF CITY SERVICES FOR POTENTIAL REDUCTIONS AND ELIMINATIONS – DOWNTOWN AND INDUSTRIAL LANDS COMMUNITY IMPROVEMENT PLANS (CIPs) –

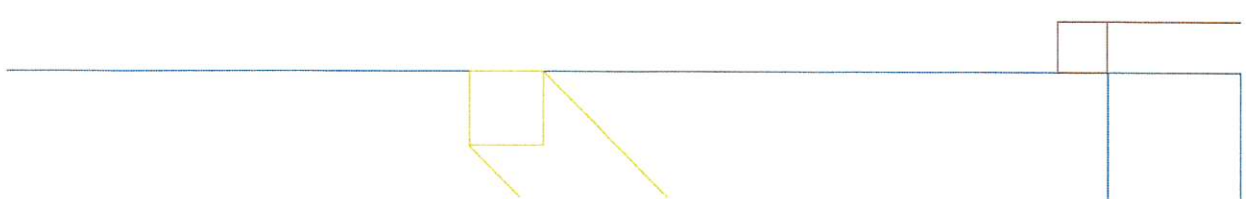
Members of the Committee,

Dancor is asking the Committee to reject the recommendations in the report considered on December 17, 2019 and conduct a review of the industrial development charges with a view to either eliminating them and returning to the program pre-2016 or, in the alternative, removing those industries exempt from the payment of development charges so that all industrial projects would be a far lower, less than \$5.00 per square foot charge, regardless of use or user type.

Despite City undertakings in 2016 and 2017 that the industrial sector would be made aware of reviews or reports about the development charges, we were not aware of the July 2019 report or the December 2019 report. We would have certainly provided input to both those reports for an issue that is killing the opportunities for Dancor in building industrial buildings in London.

Background

Dancor is a developer/builder/landlord of industrial buildings in Ontario, our largest portfolio in London. We have been a solid and loyal partner with the City of London since 2007 in the promotion of industrial opportunities in the City and have done so based upon the Industrial Lands Strategy and policies passed by Council since 2000. This strategy included subsidized lands and NO DEVELOPMENT charges. This recipe worked well in attracting new companies to London and helping existing companies grow and develop further.



Disaster

The implementation of the new development charges for industrial in 2017 was a disaster for our firm. We felt we had a partnership with the City and that the City pulled the welcome mat out from under our feet when it implemented these development charges. A pillar of the industrial land strategy was taken away resulting in lost projects for our firm.

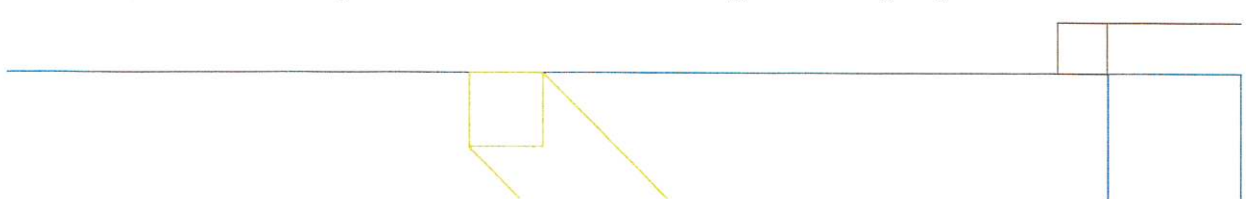
During the remainder of 2018, projects we were developing for construction that year were cancelled due to the new charge. As an example of what the charge does to a project, a firm looking to lease a 23,000 sf building who does not fit the exempt/blessed status established in the by-law, would have had to pay \$548,000. For a lease rate average in London of \$7.00 psf, the development charge would add another \$2.00 psf. In 2018, you are not going to have companies leasing industrial space for \$9.00 psf. They would stay in the old or locate elsewhere. Clients Dancor was working with did locate elsewhere in municipalities without development charges.

With new projects cancelled in 2018, Dancor did not build any new buildings in London that year. Those new projects would have added an additional \$72,000,000.00 in construction for that year. For 2019, the loss is less because interest in coming to London is less. No longer a place that is open for business, many users are going elsewhere. We will be building for them elsewhere but the sole reason for not coming to London was the development charge.

For 2019, we decided to build two buildings without any Tenants or buyers in place. On spec as they say. We did this to attract users from outside and within.

In addition to the project killing development charges, Dancor was not able to secure bus service to our industrial lands. Bus/transit service is now a **requirement** of many new companies and if you don't have it they won't consider your sites.

The double shot of development charges and no bus service has cut our legs off. In 2019, we are building two small industrial buildings in the Skyway Industrial Park.





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Each little 23,000 sf building carries a \$595,000 development charge PER BUILDING. How can the committee endorse something so gross and unfair?

For a cross dock of 30,000 sf, we will build it outside of London at a savings of \$600,000 in development charges for an owner who really wanted to locate in London.

Did Council really want these charges to stop industrial development, to harm the great partnerships between the City and industrial builders and landlords? Why does the City buy the lands to help grow the industrial sector and then turn around and now try to kill it?

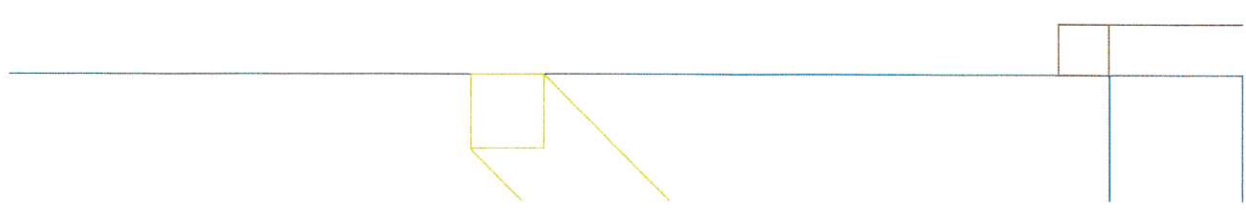
The London market is not ready for these charges. We are just starting to grow the new industrial product and see the old product getting renovated and fixed up. Without a strong industrial sector the growth of any city is off side and unsustainable.

The policy is way too soon for the sector and no matter how many times we said this in 2016 and 2017, we were ignored. We are not just complaining because we have lost many new projects. We are complaining because we have invested in the City and what Council has done has hurt us perhaps critically.

Time to Change Approaches

We request that the Committee conduct a review of the policy for industrial. Don't accept the staff recommendation. The staff carried out the wishes of Council in the past despite, we submit, very strong evidence that the policy would hurt the City.

Don't wait another year to hurt the industrial community and the City even more.





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Please do what is right, fair and reasonable and review this policy immediately. Let others in the community know about the review so we don't find out after you have the reports before you. Require staff to contact us all, there and not many, so we can provide you with our input and not feel consulted or involved.

Let us go back to working in partnership to promote London and create more industrial jobs in the City.

Let us also get bus service to those industrial parks so people can travel by public transit and work.

I would appreciate a real opportunity to address these charges and get back to working together in an open and fair manner.

Respectfully submitted,
Dancor Construction Limited

Sean Ford
Partner

